



NSTAR Electric & Gas Corporation  
800 Boylston Street, Legal Department – 17th Flr.  
Boston, MA 02199

William S. Stowe  
Assistant General Counsel

Tel: 617-424-2544  
Fax: 617-424-2733  
William\_Stowe@nstaronline.com

April 25, 2002

**Via Messenger/E-File**

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station – 2<sup>nd</sup> Floor  
Boston, MA 02110

**Re: Boston Edison Company  
D.T.E. 01-78**

Dear Secretary Cottrell:

Enclosed for filing in the above-reference proceeding are responses to the following Information Requests: D.T.E. 1-2, 1-3, 1-4, 1-5, 1-6, 1-8, 1-17, 1-19, 1-20 and 1-21.

If there are any questions regarding this submittal, please contact the undersigned. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "William S. Stowe".

Enclosures

cc: William H. Stevens, Hearing Officer  
Mark Barrett, Rates and Revenues Requirements Division  
Claude Francisco, Rates and Revenue Requirements Division  
Barry Perlmutter, Electric Power Division  
Sean Hanley, Rates and Revenue Requirements Division  
Service List – D.T.E. 01-78

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Boston Edison Company  
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D.T.E. 01-78

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing responses to information requests in accordance with Department rules.



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William S. Stowe, Esq.  
Attorney for  
NSTAR Electric & Gas Corporation  
Legal Department  
800 Boylston St., Floor 17  
Boston, MA 02199

DATED: April 25, 2002

Information Request DTE-1-2

Does BECo recover from its retail transmission rates any expenses beyond those expenses included in the tariffs listed above? If yes, please describe those expenses and how payment is made.

Response

Yes. The only expense included in the retail transmission rate beyond the expenses included in the tariffs provided in the Company's response to DTE-1-1 is interest for any over or under-recoveries.

Exhibit BEC-BKR-3 (Supp) reconciles transmission-related costs and revenues. Under the Company's Restructuring Settlement approved by the Department, transmission rates "shall include a full reconciliation and adjustment for any over or under-recoveries occurring under the prior year's adjustment." Restructuring Settlement at 029. As is the case with the reconciliation of the Transition Charge, Standard Offer Charge and Default Service Charge, such a "full reconciliation" includes interest on the balance. Exhibit BEC-BKR-3 (Supp) includes an interest calculation, at the Customer Deposit rate for the over- and under-recoveries for 1998, 1999, 2000 and 2001.

Information Request DTE-1-3

Please describe how BECo estimated its transmission and ISO-NE expenses for 2002.

Response

The transmission rate for 2002 is based upon 2001 costs. Accordingly, the Company's filing in Exhibit BEC-BKR-3 has not sought to estimate expenses for 2002. Such expenses for 2002 would be included in the reconciliation for 2002.

Information Request DTE-1-4

Please describe the energy uplift and congestion costs recovered through the Company's transmission rates and those that are recovered through generation charges.

Response

Congestion costs are incurred when generating units are dispatched out of economic merit order due to transmission limitations. Congestion costs are allocated to each regional transmission network customer based on its pro-rata share of load. Boston Edison's allocated congestion expenses have been reflected in the Company's retail transmission rates.

Uplift costs are incurred when generating units are dispatched out of economic order for any other reason, such as to maintain reserve levels. For each period, owners or entitlement holders of such units are paid total uplift payments equal to the net difference in the unit's bid prices for energy or reserves, and the market revenues received for such services. Boston Edison's long-term purchase power agreements include generating units that on occasion operate out of economic order at ISO-NE's request. For those periods when an uplift payment was associated with a unit in the Boston Edison portfolio then the uplift payment reduced the monthly generation expense, that is, a reduction in standard offer related expenses results.

Uplift charges for energy and reserves are allocated to each load serving entity based on its pro-rata share of load obligations. Boston Edison, as a load-serving entity, incurred uplift charges. Uplift charges for energy and reserves increase the monthly generation expense, that is, an increase in the cost to provide standard offer.

For example: assume in Boston Edison's resource portfolio, there was a particular unit in which Boston Edison had 100 percent entitlement, and in a particular period this unit was the only unit operated out of economics and hence was entitled to a \$100 payment. Then Boston Edison would receive an uplift payment from ISO-NE of \$100. Now further assume that Boston Edison has an obligation to serve 10 percent of the total of all participants' obligations. Then in this instance Boston Edison would be charged \$10. The sum of uplift payments and uplift charges for Boston Edison in this hypothetical example would result in a net uplift settlement of a \$90 payment to Boston Edison for this period.

Information Request DTE-1-5

Please provide the following for all purchased power contracts that were used to supply BECo's standard offer service load during calendar year 2001: the name of the supplier, the effective date and the closing date, BECo's entitlement, and any special terms.

Response

Standard Offer Service was supplied with the existing portfolio of long-term purchase power agreements ("PPAs"), identified in Table 1, as well as various short-term transactions. The short-term transactions were routine power related transactions and hence contained no special terms.

Table 1: Long-term PPA

<b>Supplier</b>	<b>Term</b>	<b>Entitlement</b>
MIRANT – Canal 1	12/30/1998– 10/10/2002	25% of unit
ENTERGY - Pilgrim	7/13/1999– 12/31/2004	74.26867% of unit
ENTERGY - Pilgrim	7/13/1999-12/31/2004	3.73133% of unit
MBTA – Jet 1	6/1/1986 – the earlier of 2005 or the end of the useful life of the unit	100% of unit
MBTA – Jet 2	5/1/1994 – the earlier of 2019 or the end of the useful life of the unit	100% of unit
MASSPOWER	1/1/1994–12/31/2013	44.34% of unit
NEA – A	9/15/1991-9/15/2016	46.5517% of unit
NEA – B	9/15/1991-9/15/2011	28.9655% of unit – with an annual cap of 735,840 MWH
OSP – 1	12/31/1990-12/31/2010	23.5% of unit
OSP – 2	10/1/1991-9/30/2011	23.5% of unit

Information Request DTE-1-6

Please provide the following for all purchased power contracts that will be used to supply BECo's standard offer service load during calendar year 2002: the name of the supplier, the effective date and the closing date, BECo's entitlement, and any special terms.

Response

For 2002, the Company continues to rely on the existing long-term purchase power sources identified in Table 1 to the response to Information Request DTE-1-5. In addition, the Company has entered into an integrated transaction for calendar year 2002 with a supplier who provides incremental Standard Offer Service requirements for NSTAR Electric by purchasing the output from existing purchase power agreements and selling back the total requirements needed to meet the requirements for Standard Offer Service. The identity of the supplier is "Confidential Information" pursuant to the terms of the agreement with the supplier. Upon request, the Company will provide such information in a supplemental response subject to a Motion for Protective Order.

Information Request DTE-1-8

Please describe all efforts undertaken by BECo since January 1, 2001, to buy down or terminate non-utility generator contracts or independent power producer contracts that were entered into prior to March 1, 1998.

Response

As described in the Exhibit BEC-RAP, the Company has engaged in a series of efforts to divest its pre-retail-access, long-term PPAs (from utility and non-utility generators) through both general requests for proposals and through individual negotiations with the owners or operators of the power plants. The Company has been successful in buying out its contract obligation with L'Energia Limited Partnership, and the Department approved this buy-out in D.T.E. 99-16.

In an effort to mitigate transition costs, NSTAR Electric (Boston Edison, Cambridge Electric Light Company ("Cambridge") and Commonwealth Electric Company ("Commonwealth")), engaged in a system-wide solicitation process to obtain offers for the sale, buy-out or renegotiation of all remaining PPAs. The solicitation, however, has not led to the conclusion of an agreement or agreements. Pursuant to its statutory obligation to mitigate transition costs to the maximum extent possible, NSTAR Electric has not entered into arrangements unless the transaction is likely to result in net benefits to customers.

NSTAR Electric's continuing corporate commitment to mitigate transition costs and divest generating resources, is demonstrated by the ongoing efforts of Boston Edison, Cambridge and Commonwealth to negotiate with individual power suppliers and plant owners. For example, the Company has been involved in buyout negotiation efforts with NEA. These negotiations are ongoing and are being pursued actively by both parties. To date, no agreement has been reached. Similarly, Commonwealth has been involved in active negotiations to buy-out or renegotiate the terms of the Dartmouth PPA and the Pioneer Hydro PPA. Both negotiations have resulted in a number of offers and counter-offers between the parties, all in an effort to mitigate each company's transition costs.

Recently, Cambridge successfully entered into an agreement to sell its ownership interest in Vermont Yankee and renegotiated its Vermont Yankee PPA, which, if approved, will provide an estimated \$7.1 million (net present value) of mitigation to Cambridge's customers. Cambridge and Commonwealth have also agreed to terminate their obligation to purchase power from the Seabrook nuclear power



plant, which will result in long-term savings to customers. Boston Edison has no entitlement in either, but regularly seeks to participate in similar transactions, when appropriate. Whenever similar opportunities are presented to Boston Edison, the Company will actively seek to complete similar arrangements to achieve maximum mitigation for its customers.

Information Request DTE-1-17

In reference to Exh. BEC-BKR-1 (Supp) at 2, please provide the supporting schedules for the indicated per book transition charge revenues further breaking down those revenues by rate (including Rate WR) and special contracts.

Response

Please refer to Attachment DTE-1-17 for the requested information. The attachment calculates revenues for each rate class based on applying rate-year prices to rate-year billing quantities and does not agree exactly with reported revenue as shown in Exhibit BEC-BKR-1 (Supp), at 2, because reported revenue includes revenue for out-of-period usage that is billed at other than rate year prices.

BOSTON EDISON COMPANY  
Year 2001  
Transition Revenue Analysis

<u>Rate</u>	Billed <u>kWh</u> a	Billed <u>Transition \$</u> b
R-1	3,316,576,579	\$ 46,626,709
R-2(R-1)	156,407,434	\$ 2,198,367
R-2(R-3)	21,901,380	\$ 301,645
R-3	510,287,101	\$ 7,256,916
R-4	2,371,881	\$ 35,707
G-1(no dem)	418,172,835	\$ 5,746,387
T-1	114,136	\$ 1,876
G-1(dem)	152,206,116	\$ 2,122,855
G-2	2,653,035,192	\$ 36,878,687
H2	708,136	\$ 7,121
G3	3,233,131,747	\$ 43,446,586
SD	6,217,948	\$ 75,616
HT	1,408,731	\$ 10,851
T2	3,836,557,549	\$ 48,362,946
S1	48,553,461	\$ 673,273
S2	56,721,537	\$ 786,454
S3	22,076,594	\$ 309,748
WR	134,352,088	\$ 436,293
<u>NEA NE</u>	<u>67,483</u>	<u>\$ 599</u>
Total	14,570,867,928	\$ 195,278,638
Default Service Adj related to unbilled	708,266,000	\$ 2,571,006
Total		\$ 197,849,643

Information Request DTE-1-19

In reference to Exh. BEC-BKR-1 (Supp) at 2, please describe with supporting schedules how the Company determined the unbilled GWH for year calendar years 2000 and 2001.

Response

The Company determined unbilled GWH by comparing territory load each month to actual billed GWH in that month. The difference is added or subtracted from the unbilled GWH balance at the beginning of the month to arrive at the unbilled GWH at the end of the month. Please refer to Attachment DTE-1-19 for supporting schedules.



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Information Request DTE-1-20

In reference to Exh. BEC-BKR-1 (Supp) at 2, please provide a schedule that summarizes for calendar years 1998, 1999, 2000, and 2001 the billed and unbilled transition charge revenues. Indicate the corresponding unbilled GWH and the transition charge rate used to calculate the unbilled revenues.

Response

Please refer to Attachment DTE-01-20 for the requested information.

**Boston Edison Company**  
**Summary of Transition Charge Revenues**  
**1998 - 2001**  
**\$ in Millions**

Line	Description	GWH Sales			
		1998	1999	2000	2001
		(10 Months)			
1	GWH Sales				
2	Residential	2,936.126	3,811.154	3,916.675	3,989.264
3	Industrial	6,803.774	1,532.101	1,605.741	1,491.608
4	Commercial	1,392.180	8,538.815	8,848.224	9,004.461
5	Streetlight	105.606	129.812	127.632	139.690
6	Total Billed	11,237.686	14,011.882	14,498.272	14,625.023
7	Less Unbilled at End of Prior Period	(441.400)	(418.300)	(456.000)	(708.226)
8	Add Unbilled at End of Current Period	418.300	456.000	708.226	587.250
9	Change in Unbilled	(23.100)	37.700	252.226	(120.976)
10	Total GWH Sales	11,214.586	14,049.582	14,750.498	14,504.047
11		Revenues			
12	Description	1998	1999	2000	2001
		(10 Months)			
13	Revenues				
14	Residential	88.911	103.955	74.364	56.780
15	Industrial	39.125	40.932	29.040	20.564
16	Commercial	207.605	221.569	157.754	118.884
17	Streetlight	3.345	3.510	2.429	1.967
18	Total Billed	338.986	369.966	263.587	198.195
19	Less Unbilled at End of Prior Period	-	(9.830)	(8.801)	(13.392)
20	Add Unbilled at End of Current Period (line 8 * line 23)	9.830	8.801	13.392	8.204
21	Change in Unbilled	9.830	(1.029)	4.591	(5.188)
22	Total Revenues	348.816	368.937	268.179	193.007
23	Unbilled Price	2.350	1.930	1.891	1.397



Information Request DTE-1-21

In reference to Exhibit BEC-BKR at 14, Exhibit BEC-BKR-1 (Supp) at 1, please provide:

- (a) supporting studies and documentation used as the basis for the Company's 2002 total KWH projections;
- (b) a schedule showing by rate class: the 2001 actual KWH sales; the 2002 KWH forecasts; and the percentage change from 2001 to 2002.

Response

- (a) Please refer to Attachment DTE-1-21 (a) for the basis of the Company's 2002 total KWH projections.
- (b) Please refer to Attachment DTE-1-21 (b) for a schedule comparing the 2001 actual and 2002 forecast KWH sales by rate class.

## Boston Edison Company 2002 GWH Sales Forecast Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Residential</b>	393.340	377.067	352.606	329.403	269.004	338.072	340.309	354.006	349.680	296.504	289.832	342.757	4,032.580
<b>Commercial</b>	757.023	727.619	736.873	724.767	701.049	716.513	776.727	834.416	819.609	739.015	703.835	724.923	8,962.369
<b>Industrial</b>	120.020	123.060	123.242	120.506	124.497	135.628	148.347	141.144	142.830	132.661	124.856	118.795	1,555.586
<b>Street Lights</b>	13.809	11.758	11.908	9.729	9.286	8.796	8.928	9.371	10.408	11.838	12.749	13.566	132.146
<b>MWRA</b>	11.296	11.362	13.428	13.493	11.559	10.625	11.690	11.756	11.822	11.887	11.953	12.019	142.890
<b>Total Retail Sales</b>	1,295.488	1,250.866	1,238.057	1,197.898	1,115.395	1,209.634	1,286.001	1,350.693	1,334.349	1,191.905	1,143.225	1,212.060	14,825.571

**Boston Edison Company**  
Summary of GWH Sales  
2001 Actual & 2002 Forecast

Line	Description	2001	2002	Change	Percent
1	GWH Sales				
2	Residential	3,989.264	4,032.580	43.316	1.09%
3	Industrial	1,491.608	1,555.590	63.982	4.29%
4	Commercial	9,004.461	9,105.260	100.799	1.12%
5	Streetlight	139.690	132.145	(7.545)	-5.40%
6	Total Billed	14,625.023	14,825.575	200.552	1.37%
7	Less Unbilled at End of Prior Period	(708.226)	(587.250)	120.976	-17.08%
8	Add Unbilled at End of Current Period	587.250	587.250	-	0.00%
9	Change in Unbilled	(120.976)	-	120.976	-100.00%
10	Total GWH Sales	14,504.047	14,825.575	321.528	2.22%